

Message Text

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E.O. 11652: NA
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SUBJECT: JAPAN'S PLAN TO DOUBLE AID IN THREE YEARS

REF: STATE 131106

1. SUMMARY. JAPANESE GOVERNMENT TAKES OFFICIAL POSITION THAT "THREE-YEAR ODA DOUBLING" COMMITMENT ANNOUNCED BY PRIME MINISTER IN WASHINGTON IS TO DOUBLE 1976 DOLLAR VALUE OF ODA DISBURSEMENTS IN 1979. MOFA AND MITI SOURCES INFORM US THAT CABINET ALSO HAS AGREED JAPAN WILL ENDEAVOR TO DOUBLE THE YEN VALUE OF ITS ODA DISBURSEMENTS DURING THIS PERIOD. END SUMMARY.

2. MEANING OF PRIME MINISTER FUKUDA'S WASHINGTON PLEDGE TO "DOUBLE AID" WITHIN THREE YEARS (REFTEL PARA 3) HAS BEEN RAISED BOTH IN DIET MAY 9 AND 10 AND IN CABINET MEETING MAY 16. IN WAKE THESE DISCUSSIONS, IN WHICH VARIOUS DIVERGENT VIEWS EMERGED WITHIN JAPANESE GOVERNMENT, MOF, MOFA, AND MITI REPRESENTATIVES HAVE TOLD US
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THAT OFFICIAL JAPANESE POSITION SETS 1976 AS BASE YEAR AND DOLLAR AS CURRENCY STANDARD FOR PLEDGE. THUS, JAPAN IS COMMITTED TO DISBURSE AS ODA IN CALENDAR 1979 TWICE THE 1976 JAPANESE ODA FIGURE OF ABOUT \$1,105 MILLION, OR ABOUT \$2,210 MILLION. (COMMENT: THIS IS A LIMITED PLEDGE. JAPAN'S ODA IN 1976 WAS 0.20 PCT OF GNP, THE LOWEST PERCENTAGE SINCE 1964. FURTHER, BECAUSE

OF YEN APPRECIATION, JAPAN'S 1978 ODA BUDGET AT 635.4 BILLION YEN ALREADY WIDELY EXCEEDS THE \$2,210 MILLION TARGET FIGURE AT ANY YEN-DOLLAR EXCHANGE RATE RECORDED THUS FAR IN 1978. ALTHOUGH JAPAN'S CALENDAR YEAR DISBURSEMENTS TRADITIONALLY FALL WELL SHORT OF WHAT SHE ALLOTS TO HER AID BUDGET FOR THE CORRESPONDING FISCAL YEAR, IT APPEARS THAT NO SPECTACULAR EFFORT WILL BE NECESSARY TO BOOST DISBURSEMENTS TO TARGET LEVEL IN 1979.)

3. MITI AND MOFA SOURCES (BUT NOT MOF, WHICH WAS FIRST MINISTRY WE QUERIED) ADDED TO OFFICIAL DEFINITION OF PLEDGE THE STATEMENT THAT CABINET AT MAY 16 MEETING AGREED TO "ENDEAVOR" (DORYOKU SURU) TO DOUBLE 1976 YEN VALUE OF ODA DISBURSEMENTS (3,277 BILLION YEN) TO 6,554 BILLION YEN IN 1979. THE 1979 DOLLAR VALUE OF THIS SUM CANNOT BE GIVEN PRECISELY, BECAUSE THE YEN-DOLLAR EXCHANGE RATE FOR 1979 IS UNKNOWN; BUT THE CURRENT DOLLAR VALUE (AS OF JUNE 1, 1978) IS ABOUT \$3 BILLION, A MUCH LARGER FIGURE THAN THE ACTUAL PLEDGE, WHICH THUS APPEARS MUCH LESS AMBITIOUS THAN THE YEN-BASED PLEDGE WOULD BE.

4. AN AID PLANNING OFFICER IN MOFA (MURO) HAS CONFIRMED PRESS REPORTS THAT ON MAY 10 BEFORE THE DIET FOREIGN MINISTER SONODA HAD SAID MOFA SUPPORTS 1977 AS BASE YEAR AND YEN AS BASIS OF CALCULATION. REPORTEDLY MITI MINISTER LIMITED OFFICIAL USE

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KOMOTO ALSO EXPRESSED SUPPORT FOR THIS POSITION AFTER SONODA REPEATED IT BEFORE MAY 16 CABINET MEETING. (COMMENT: PRELIMINARY UNOFFICIAL STATISTICS INDICATE THAT JAPAN'S CALENDAR 1977 ODA WAS ROUGHLY 3,900 BILLION YEN OR \$1.4 BILLION. THESE FIGURES, THOUGH REPRESENTING A WEAK PERFORMANCE AS A PERCENTAGE OF GNP (ABOUT 0.21 PCT) SHOW A RESPECTABLE INCREASE IN ABSOLUTE NUMBERS OVER THE 1976 FIGURES CITED IN PARAS 2 AND 3 ABOVE. A COMMITMENT TO DOUBLE THEM BY 1980 THEREFORE WOULD REQUIRE A SIGNIFICANTLY GREATER JAPANESE AID EFFORT BEYOND WHAT IS ALREADY COMMITTED.

5. SIMILAR CONFUSION OCCURRED OVER JAPAN'S PLEDGE OF LAST YEAR (REFTEL, PARA 3) TO DOUBLE AID WITHIN FIVE YEARS. WITHIN JAPANESE GOVERNMENT, CONSENSUS ON WORDING OF SUCH PLEDGES DOES NOT IMPLY CONSENSUS ON THEIR MEANING EVEN AT SIMPLEST ARITHMETICAL LEVEL. THUS THEY NEED TO BE INTERPRETED WITH CAUTION.

6. COMMENT: JAPANESE ARE ON RECORD FOR MAJOR ODA INCREASES AND WE FEEL THERE IS LITTLE TO GAIN BY QUIBBLING OVER THE BASE PERIOD OR METHOD OF CALCULATING HOW MUCH.

IF ASKED, WE CAN OF COURSE AGREE THAT FOREIGN
MINISTER SONODA'S OPINION IS BOTH MORE GENEROUS AND MORE
RESPONSIVE TO WORLD NEEDS. MANSFIELD

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